



January 12, 2015

Kay Albertson, Ed.D  
President  
Wayne Community College  
3000 Wayne Memorial Drive  
Goldsboro, NC 27533-8002

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**RE: Final Program Review Report**  
**OPE ID: 00298000**  
**PRCN: 201420428555**

The U.S. Department of Education's (Department's) School Participation Division – Atlanta issued a program review report on June 18, 2014 covering Wayne Community College's (WCC's) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2013-2014 award year. WCC's final response was received on November 19, 2014. A copy of the program review report (and related attachments) and WCC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by WCC upon request. Additionally, this Final Program Review Determination (FPRD), related attachments and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

**Purpose:**

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, and (4) to close the review.

The total liability due from the institution from this program review is \$6,876.10. This FPRD contains detailed information about the liability determination for Findings 1 and 10.

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Atlanta School Participation Division  
61 Forsyth St., SW, Room 18T40  
Atlanta, GA 30303-8918

### ***Protection of Personally Identifiable Information:***

*Personally Identifiable Information (PII) is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, the findings reference students by the Appendices attached to this report.*

### **Appeal Procedures:**

This constitutes the Department's FPRD with respect to the findings identified from the June 18, 2014 program review report. If WCC wishes to appeal to the Secretary for a review of monetary liabilities established by the FPRD, the institution must file a written request for an administrative hearing. The Department must receive the request no later than 45 days from the date WCC receives this FPRD. An original and four copies of the information WCC submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director  
Administrative Actions and Appeals Service Group  
U.S. Department of Education  
Federal Student Aid/PC  
830 First Street, NE - UCP3, Room 84F2  
Washington, DC 20002-8019

WCC's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and,
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to WCC's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds**

**rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

**Record Retention:**

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24 (e)(1), (e)(2) and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Lisa Lancaster at (404) 974-9296. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Chris Miller, Director  
School Participation Division-Atlanta

cc: Brenda Mercer, Director of Financial Aid  
Southern Association of Colleges and Schools, Commission on Colleges  
North Carolina Community College System

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**Wayne Community College**

**OPE ID: 00298000**  
**PRCN: 201420428555**

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**Prepared by:**  
**U.S. Department of Education**  
**Federal Student Aid**  
**School Participation Division - Atlanta**

**Final Program Review Determination**  
**January 12, 2015**

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## A. INSTITUTIONAL INFORMATION

Wayne Community College  
3000 Wayne Memorial Drive  
Goldsboro, NC 27533-8002

Type: Public

Highest Level of Offering: Associate's Degree

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Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges

Current Student Enrollment: 3,646 (2013-2014)

% of Students Receiving Title IV: 62% (2013-2014)

Title IV Participation (per EDCAPS G5):

<u>Program</u>	<u>2013-2014</u>
Federal Direct Loan (FDL)	\$8,278,963
Federal Pell Grant (Pell)	\$8,055,806
Federal Supplemental Education Grant (FSEOG)	\$ 110,117
Federal Work Study (FWS)	\$ 116,924

Default Rate / FDL:	2011	15.0%
	2010	5.9%
	2009	12.9%

## **B. SCOPE OF REVIEW**

The U.S. Department of Education (the Department) conducted a program review at Wayne Community College (WCC) from March 25 – 27, 2014. The review was conducted by Lisa Lancaster and Meg McGinness.

The focus of the review was to examine WCC's compliance with the statutes and Federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of WCC's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 15 files was identified for review from the 2013-2014 award year. The files were selected randomly from a sample of students who had all non-passing grades; withdrew; or, were selected for verification. The reviewers examined six (6) additional files of students who were enrolled in specific academic programs. **Appendix A** (program review report) lists the names and social security numbers of the students whose files were examined during the program review.

Personally Identifiable Information (PII) is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the report do not contain any student PII. Instead, each finding references students by the Appendices attached to this report.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning WCC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve WCC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

## **C. FINDINGS AND FINAL DETERMINATIONS**

WCC has taken the corrective actions necessary to resolve Findings 3, 4, 5, 7, 8, 9 and 11 – 14 of the program review report. Therefore, these findings may be considered closed. Findings 1, 2, 6 and 10 are discussed as follows.

### **Findings With Final Determinations**

The findings requiring further action are summarized below. At the conclusion of each finding is a summary of WCC's response to the finding, and the Department's final determination for that

finding. A copy of the program review report issued on June 18, 2014, including the sampled students, is attached to this letter as **Appendix A**. WCC's response is attached as **Appendix B**.

### **FINDING 1: INCORRECT ACADEMIC YEAR DEFINITION**

#### ***Citation Summary:***

*34 C.F.R. § 668.8 of the Student Assistance General Provisions defines the eligibility requirements of academic programs offered by institutions of higher education.*

*To be eligible for funding under the Title IV, Federal Student Aid (FSA) programs, an educational program at an institution of higher education must lead to a degree (associate, bachelor's, graduate, or professional) or prepare students for "gainful employment in a recognized occupation."*

*The following educational programs offered by public and private nonprofit institutions are considered gainful employment (GE) programs:*

- Non-degree programs, including all certificate programs (undergraduate, post-baccalaureate, graduate and post-graduate);*
- Teacher certification programs that result in a certificate awarded by the institution; or,*
- Approved comprehensive transition programs for students with intellectual disabilities.*

*A school may consider any program to be a clock-hour program. However, a GE program must be considered clock-hour for FSA purposes if:*

- Completing clock hours is a requirement for graduates to apply for licensure or the authorization to practice the occupation that the student is intending to pursue;*
- The credit hours awarded for the program are not in compliance with the definition of a credit hour; or*
- The institution does not provide all the clock hours that are the basis for the credit hours awarded for the program or each course in the program, and, the program requires attendance in the clock hours that are the basis for the credit hours awarded.*

*Students enrolled in clock-hour programs receive Title IV funds by the payment period. The definition of a school's payment period is integral to requirements for the administration of FSA funds. For example, FSA program disbursements (except Federal Work Study/FWS payments) must be made on a payment period basis. For clock-hour programs, the payment period is defined not only in clock hours but also in weeks of instructional time; a student must successfully complete the clock hours and weeks of instructional time in a payment period to progress to the next payment period.*



### ***Noncompliance Summary:***

*WCC offers a Certificate of Cosmetology program in which cosmetology classes are taught at the nearby Mitchell's Hairstyling Academy (Mitchell's). The agreement between both schools states that cosmetology courses are clock-hour courses that meet 40 hours per week for approximately 10 months. However, WCC did not properly administer Title IV aid to students enrolled in the Certificate of Cosmetology program for the following reasons:*

- Title IV aid was based on semester credits rather than clock hours; and,*
- The consortium agreement between WCC and Mitchell's did not contain all requirements (please refer to Finding 4).*

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*According to WCC's school catalog, the Certificate of Cosmetology program is 34 semester-credits in length and is taught over three semesters (for students who enroll full-time). WCC calculates, awards and disburses Title IV aid by the term (Fall, Spring and/or Summer semesters). However, the State of North Carolina requires that applicants for the NC cosmetology license provide documentation of 1500 clock hours of training at an approved cosmetology school. (As noted above, a GE program is considered a clock-hour program if completing clock hours is a requirement for graduates to apply for licensure.)*

*Students 4, 6, 16 and 17 began enrollment in the Certificate of Cosmetology program in Fall 2013. All four students were awarded Title IV funds by the term, and, academic progress was measured by WCC in credits rather than clock hours.*

*Although WCC incorrectly administered the Certificate of Cosmetology as a credit-hour program, Title IV funds were not over awarded to the four students. However, other Title IV recipients in this program may have been over or underpaid Federal Pell Grants and/or funds from the Federal Direct Loan (FDL) program. Title IV funds may also have been disbursed earlier than students were eligible to receive those funds because both hours and weeks of instruction in the previous payment period must be completed before the student's next disbursement is made (34 C.F.R. § 668.164 and § 690.75).*

### ***Required Action Summary:***

*WCC was required to define its academic year (AY) for clock-hour programs and provide a description of the corrected AY definition and how Title IV aid will be administered for Certificate of Cosmetology students.*

*Using the formula for clock-hour programs, WCC was also required to recalculate the amount of Pell Grant and FDL funds for students in the Certificate of Cosmetology program for all 2012-2013 and 2013-2014 award year recipients.*

### WCC's Response:

The institution's response identified a total of eight students who received over awards based on the incorrect calculation of aid during the 2012-2013 and 2013-2014 award years. Over awards were identified as follows:

Award Year	Pell Grant	Subsidized FDL	Unsubsidized FDL
2012-2013	\$ 2,232	\$ 0	\$ 0
2013-2014	\$ 3,475	\$ 3,009	\$ 2,086
Total	\$ 5,707	\$ 3,009	\$ 2,086

### Final Determination:

WCC officials returned all ineligible funds identified. A total of \$5,707 in Pell and \$5,095 (\$3,009 Sub and \$2,086 Unsub) in FDL funds have been adjusted in the Department's Common Origination and Disbursement (COD) system.

In the future, WCC is required to administer the Certificate of Cosmetology program in accordance with Title IV regulations for clock-hour programs.

This finding is closed.

## **FINDING 2: PROGRAM TYPE AND CLOCK-TO-CREDIT CONVERSION**

### *Citation Summary:*

*34 C.F.R. § 668.8 (d) asserts that an eligible program provided by a proprietary institution of higher education or postsecondary vocational institution must require a minimum of 15 weeks of instruction, beginning on the first day of classes and ending on the last day of classes or examinations; be at least 600 clock hours, 16 semester or trimester hours, or 24 quarter hours; provide undergraduate training that prepares a student for gainful employment in a recognized occupation; and, may admit as regular students persons who have not completed the equivalent of an associate degree. Or, it must require a minimum of 10 weeks of instruction, beginning on the first day of classes and ending on the last day of classes or examinations; be at least 300 clock hours, 8 semester or trimester hours, or 12 quarter hours; provide training that prepares a student for gainful employment in a recognized occupation as provided under §668.6; and be a graduate or professional program; or admit as regular students only persons who have completed the equivalent of an associate degree.*

*As stated in the previous finding, a program is considered to be a clock-hour program for Title IV purposes if:*

- Completing clock hours is a requirement for graduates to apply for licensure or the authorization to practice the occupation that the student is intending to pursue;
- The credit hours awarded for the program are not in compliance with the definition of a credit hour; or
- The institution does not provide all the clock hours that are the basis for the credit hours awarded for the program or each course in the program, and, the program requires attendance in the clock hours that are the basis for the credit hours awarded.

*If a school offers an undergraduate educational program in credit hours that is considered a GE program, it must use one of the below conversion formulas unless:*

- The program is at least two academic years in length and provides an associate degree, a bachelor's degree, a professional degree, or an equivalent degree as determined by the Department; or,
- Each course within the program is acceptable for full credit toward that institution's associate, bachelor's, professional, or equivalent degree as determined by the Department, provided that:
  1. The school's degree requires at least two academic years of study; and,
  2. The school demonstrates that students enroll in, and graduate from the degree program.

*If a GE program does not meet one of these exceptions, a conversion formula must be applied to determine if after the conversion, the program includes the minimum number of credit hours to qualify as an eligible program for Title IV purposes as follows:*

**For a semester or trimester hour program:**

$$\frac{\text{Number of clock hours in the credit-hour program}}{37.5}$$

**For a quarter hour program:**

$$\frac{\text{Number of clock hours in the credit-hour program}}{25}$$

*Note:* When some states and accrediting agencies approve programs, they also approve the number of credits in the programs. The credits approved by states and accrediting agencies are not necessarily the credits for FSA purposes.

*If a school applies the appropriate formula and finds that a program is eligible, the converted credit hours are used to determine the amount of FSA funds that a student who is enrolled in the program is eligible to receive.*

### **Noncompliance Summary:**

*It appeared that WCC offered programs in addition to the Certificate in Cosmetology program that were erroneously administered. The below four programs were listed with the clock-hours on the Department's Eligibility and Certification Approval Report (ECAR). However, the school did not properly convert the clock hours to credit hours using the conversion formula as required.*

<b>Diploma (Program) Name</b>	<b>Clock Hours per ECAR</b>	<b>Semester Credits per WCC</b>	<b>Courses acceptable toward degree?</b>
Air Conditioning & Refrigeration	976	42	No
Welding Technology	1136	37	No
Dental Assisting	1136	46	No
Practical Nursing	1184	47	No

### **Examples were as follow:**

***Student 14** was enrolled in the Welding Technology Diploma program. The school catalog listed this program as 37 credits. However, the ECAR reported the program as 1136 clock hours which converts to 30 credits for Title IV purposes. WCC officials stated that they did not perform clock-to-credit hour conversions for Title IV purposes for Welding Diploma students. The student had not reached his second year as of the time of the program review.*

***Student 18** was enrolled in the Air Conditioning & Refrigeration Diploma program. The school catalog listed this program as 42 credits, but the ECAR reported the program as 976 clock hours which converts to 26 credits for Title IV purposes. WCC officials stated that they did not perform clock-to-credit hour conversions for Title IV purposes for Air Conditioning & Refrigeration Diploma students. The student was still enrolled at the time of the program review.*

***Student 20** was enrolled in the Dental Assisting Diploma program. The school catalog lists this program as 46 credits. However, the ECAR reported the program as 1136 clock hours which converts to 30 credits for Title IV purposes. Yet, WCC officials stated that they did not perform clock-to-credit hour conversions for Title IV purposes for Dental Assisting Diploma students. The student had not reached her second year yet.*

### **Required Action Summary:**

To ensure that all programs are adequately reported, WCC was required to correct the ECAR to include all eligible non-degree programs (by name and length) that have been approved by the NC Community College System; Southern Association of Colleges and Schools (SACS) and the Department.

### WCC's Response:

WCC provided an explanation of how the clock-to-credit hour conversion will be applied for applicable programs in the future.

The response provided a listing of the following programs, including clock hours and converted credits, for Title IV purposes.

Diploma (Program) Name	Clock Hours	Title IV Credits
Air Conditioning & Refrigeration	1024*	27
Dental Assisting	1128*	30
Pharmacy Technology	896	23
Practical Nursing	1184	31
Sustainability – Building Science	336	8
Sustainability – Energy Management	352	9
Welding Technology	1136	30
Welding Technology - MIG	368	9
Welding Technology - Stick	464	12
Welding Technology – TIG	324	8

**\*NOTE:** The institution's November 17, 2014 response reported the Air Conditioning and the Dental Assisting programs as 976 and 1136 clock hours (respectively) which conflicts with the above. WCC must update the ECAR to reflect the accurate program length in clock hours.

### Final Determination:

WCC is reminded that unless a program is at least two academic years in length and provides a degree, or, each course within the program is acceptable for full credit toward that institution's associate, bachelor's, professional, or equivalent degree as determined by the Department, the program is subject to clock-to-credit hour conversion. **Accordingly, 2014-2015 (award year) and future Title IV payments for students enrolled in any of the above programs must be based on the conversion formula.**

This finding is closed.

### **FINDING 6: SATISFACTORY ACADEMIC PROGRESS-INELIGIBLE PAYMENT**

#### ***Citation Summary:***

*34 C.F.R. §§ 668.16 (e), 668.32, and 668.34 require institutions to establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress (SAP) in his or her educational program. The Secretary considers an institution's standards to be reasonable if the standards—*

- *Are the same as or stricter than the institution's standards for a student enrolled in the same educational program who is not receiving Title IV assistance.*
  - *The policy provides for consistent application of standards to all students within categories of students, e.g., full-time, part-time, undergraduate, and graduate students, and educational programs established by the institution.*
  - *The policy provides that a student's academic progress is evaluated—*
    - *At the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or*
    - *For all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period.*
- 
- *The policy specifies a qualitative standard, or grade point average (GPA) that a student must achieve at each evaluation (if a GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm).*
  - *If a student is enrolled in an educational program of more than two academic years, the policy specifies that at the end of the second academic year, the student must have a GPA of at least a "C" or its equivalent.*
  - *The policy specifies a quantitative standard, or the pace at which a student must progress through his or her educational program to ensure that he will complete the program within the maximum timeframe, and provides for measurement of the student's progress at each evaluation. For an undergraduate program, maximum timeframe means a period that is no longer than 150% of the length of the program. For a graduate program, it means a period defined by the institution that is based on the length of the program.*
  - *An institution calculates the pace at which the student is progressing by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted.*
  - *An institution is not required to include remedial courses in its quantitative assessment of SAP, but it is required to include remedial coursework in its qualitative assessment. (The courses need not be included in the student's GPA; however, a school must have some means of assessing a student's academic progress in remedial coursework.)*
  - *The policy also must describe how a student's GPA and pace of completion are affected by course incompletes, withdrawals, repetitions, or transfer of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours. An SAP policy cannot exclude courses in which a student remained past the add/drop period and earned a grade of 'W', nor can it routinely exclude certain hours attempted, such as those taken during a summer term. All periods of the student's enrollment count when assessing progress, even periods in which the student did not receive Title IV funds.*
  - *The policy provides that, at the time of each evaluation, a student who has not achieved the required GPA, or who is not successfully completing his or her educational program at the required pace, is no longer eligible to receive assistance.*

- *If the institution places students on financial aid warning, or on financial aid probation, the policy describes these statuses as—*
  - *Financial aid warning is a status assigned to a student who fails to make SAP only at an institution that evaluates academic progress at the end of each payment period. Financial aid warning may be assigned without an appeal or other action. It is good for one payment period.*
  - *Financial aid probation is a status assigned by an institution to a student who fails to make SAP but who has appealed, and has had eligibility for aid reinstated. A student on financial aid probation may receive Title IV funds for one payment period. However, a student on financial aid probation may not receive Title IV funds for the subsequent payment period unless the student makes satisfactory academic progress or the institution places him on probation and develops an academic plan.*
- *If the school permits appeals, the policy must explain that the student may appeal on the basis of: his injury or illness, the death of a relative, or other mitigating circumstances. The appeal must also explain why the student failed to make SAP, and what has changed to allow him or her to make satisfactory progress at the next evaluation.*
- *If the institution does not permit a student to appeal a determination that he or she is not making SAP, the policy must describe how the student may reestablish his or her eligibility to receive assistance under the Title IV programs.*
- *The institution must have a policy to notify students of the results of an SAP evaluation that impacts eligibility for funds.*

#### ***Noncompliance Summary:***

*One of the standards of making SAP according to WCC's policy is that a student who has earned an associate's degree is not eligible to receive financial aid for a certificate or diploma program. However, student 14 graduated from the Associate in Applied Science program before enrolling in the Welding Technology Diploma program in Fall 2013. Despite its SAP policy, WCC disbursed a \$348 Pell Grant and a \$1,250 Sub loan to the student for the Fall 2013 term.*

*In addition, the institution's published SAP policy did not clearly explain that a student who appeals a determination of SAP must explain what has changed with respect to his or her circumstances to allow him or her to make satisfactory progress at the next evaluation.*

#### ***Required Action Summary:***

*This finding required the school to reevaluate the student's records and make any necessary downward adjustments via the Department's COD system. Additionally, the school was required to update the SAP policy to make clear that a student who appeals a determination of*

SAP must explain what has changed with respect to his or her circumstances to allow him or her to make satisfactory progress at the next evaluation.

**WCC's Response:**

The institution concurred with this finding.

**Final Determination:**

WCC adjusted the student's 2013-2014 Title IV aid disbursed in error. The school's SAP policy has also been updated.

No further action is required; this finding is closed.

**FINDING 10: INCOMPLETE VERIFICATION-CONFLICTING DATA**

***Citation Summary:***

*In accordance with 34 C.F.R. §§ 668.51 – 61, if the Secretary or an institution requests documents or information from an applicant who is selected for verification, the applicant must provide the specified documents. An institution must establish and use written policies and procedures for verifying an applicant's information. These policies and procedures must include the—*

- *Time period an applicant must provide any documentation requested by the institution in accordance with § 668.57;*
- *Consequences of an applicant's failure to provide the requested documentation within the specified time period;*
- *Method by which the institution notifies an applicant of the results of verification, if the applicant's Expected Family Contribution (EFC) and award amount changes; and,*
- *Procedures the institution will follow or will require an applicant to follow in order to correct applicant information determined to be in error.*

*The Secretary publishes in the FEDERAL REGISTER, notice of the information that an institution and an applicant may be required to verify for each award year. Students who are selected for verification are placed in one of the five following groups. The group determines what applicant data must be verified for the student. Please refer to the Department's 2013–2014 Application and Verification Guide, for additional information on verification.*

**Verification Groups:**

***Standard Verification Group/tracking flag V1:*** *Students in this group must verify the following if they are tax filers:*



- *adjusted gross income (AGI)*
  - *U.S. income tax paid*
  - *untaxed portions of IRA distributions*
  - *untaxed portions of pensions*
  - *IRA deductions and payments*
  - *tax-exempt interest income*
  - *education credits*
  - *household size*
  - *number in college*
  - *Supplemental Nutrition Assistance Program (SNAP) benefits*
  - *child support paid*
- 

*Students who are not tax filers must verify the following:*

- *income earned from work*
- *household size*
- *number in college*
- *SNAP benefits*
- *child support paid*

***SNAP Verification Group/tracking flag V2:*** *Students in this group must verify the receipt of SNAP benefits.*

***Child Support Paid Verification Group/tracking flag V3:*** *Students must verify child support paid by them or their spouse, their parents, or both.*

***Custom Verification Group/tracking V4:*** *Students must verify high school completion status and identity/statement of educational purpose in addition to receipt of SNAP benefits and payment of child support.*

***Aggregate Verification Group/tracking flag V5:*** *Students must verify high school completion status and identity/statement of educational purpose in addition to the items in the Standard Verification Group.*

*Per 34 C.F.R. § 668.54 (a)(2), if an institution has reason to believe that an applicant's income, household size or the number of household members enrolled in a postsecondary institution is inaccurate, it is the institution's responsibility to obtain further documentation to resolve the conflict.*

*Verification documentation obtained from the student (and parents or spouse) is compared to the information reported on the student's Institutional Student Information Record (ISIR). This documentation must be retained in the student's file as evidence that the verification process was completed.*

### **Noncompliance Summary:**

*Questionable applicant data was not resolved for two students selected for verification as follows:*

*Student 1 was selected for verification in the 2013-2014 award year. Her ISIR reported that she had no income during 2012 (and was not going to file taxes), but that she supported a dependent child. The Verification Worksheet also reported no income for 2012. This is conflicting information because there is no documentation to explain the student's source of income or means by which she supported a child. This discrepancy was not resolved.*

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*Student 9 was also selected for verification in 2013-2014. Her ISIR reported that she was single, and supported a child. However, the Verification Worksheet did not include a child as part of the household; it did report a 34-year old boyfriend (as part of the household). In addition to conflicting household information, the student did not report her source of income or means by which she supported a child. This discrepancy was not resolved.*

### **Required Action Summary:**

WCC was required to submit an outline of the corrective actions it will take to correct this finding. Officials were also required to obtain documentation to resolve the conflicting applicant information for students 1 and 9 in order to recalculate each student's financial need.

### **WCC's Response:**

The response stated that WCC improved its procedures to request, receive and verify applicant data for students selected by the Department's Central Processing System (CPS) each year. The financial aid office has a new 2014-2015 Student Income Verification Form (for students and parents). Each student with an income of \$3,000 or less will be flagged, thus will be required to complete the new verification form.

WCC was unable to obtain the documentation to support the income and household size for students 1 and 9; therefore the school is required to return need-based Title IV funds.

### **Final Determination:**

Title IV funds for the two students identified by this finding are ineligible and must be returned to the Department as follows. **Please refer to Appendix C (Ineligible Disbursements) for the student names and Pell Grant student-level adjustment amounts totaling \$6,582.81.**

**Appendix C** also shows the Interest/Cost of Funds (COF) calculation. The **\$53.61** in COF is the expense the Department incurred as a result of the institution retaining ineligible funds. The rate

of interest is based on when the funds should have been returned to the Department. The COF is the expense the Department incurred as a result of WCC retaining \$6,582.81 in Federal Pell Grant funds.

In addition, the Estimated Actual Loss (EAL) to the Department that has resulted or will result from the \$3,500 ineligible Subsidized FDL is based on the most recent sector cohort default rate available. In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loans from the holder, the Department has asserted a liability not for the loans, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loans. The EAL that WCC must pay to the Department for this finding is \$239.68. A copy of the results of that calculation is included as **Appendix D**.

**Including Federal Pell Grant, COF and EAL, the total liability due to the Department resulting from this finding is \$6,876.10.**

Please refer to the Payment Instructions below for detailed steps WCC must follow to (1) make Pell Grant student-level adjustments, and (2) pay the liability for this finding.

#### **D. SUMMARY OF LIABILITIES**

Please refer to the below Payment Instructions for detailed steps that the institution must follow to make the necessary adjustments and pay these liabilities.

**Below is a summary of the funds to be returned directly to the Department:**

<b>Program / Interest</b>	<b>Liability Amount</b>
<b>Pell Grant</b>	\$ 6,582.81
<b>Interest/COF</b>	\$ 53.61
<b>EAL (on FDL)</b>	\$ 239.68
<b>Total</b>	\$ 6,876.10

#### **E. PAYMENT INSTRUCTIONS**

##### **Federal Award Adjustments**

Student-level Pell Grant adjustments must be made prior to WCC's payment of the liability. Because the liability established for this finding is for a closed award year, WCC must contact COD School Relations at [codsupport@acs-inc.com](mailto:codsupport@acs-inc.com) or by telephone at 1-800-848-0978 to request *extended processing relief* before any student-level adjustments can be processed. Extended processing will allow WCC to transmit student-level adjustments to the Department's Common Origination and Disbursement (COD) System for closed award years.

**WCC must perform student-level downward Pell Grant adjustments in the amount of \$6,582.81 for the students listed in the school's response to this finding. The total adjustments must match the amounts in see Appendix C.**

***The student-level adjustments must be made prior to the payment of the liability.***

A copy of the adjustment to each student's COD record must be sent to Lisa Lancaster within 45 days of the date of this letter. The institution may choose to email this documentation to [lisa.lancaster@ed.gov](mailto:lisa.lancaster@ed.gov) or via regular mail to:

Lisa Lancaster  
U.S. Department of Education – School Participation Division  
61 Forsyth Street, S.W. – Room 18T40  
Atlanta, GA 30303-8918

Please refer to the enclosed instructions for submitting PII.

**Liabilities Owed to the Department**

WCC owes \$6,876.10 to the Department resulting from the above finding.

The institution's payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within **45 days of the date of this letter**:

U.S. Department of Education  
P.O. Box 979026  
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address. Payment must be made via check and sent to the above Post Office Box. **Payment and/or adjustments made via GAPS/G5 will not be accepted as payment of this liability.**

The following identification data must be provided with the payment:

<b>Amount:</b>	<b>\$6,876.10</b>
<b>DUNS:</b>	<b>040037475</b>
<b>TIN:</b>	<b>560792849</b>
<b>PRCN:</b>	<b>201420428555</b>

**Terms of Payment**

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the **45-day** period, interest will accrue in monthly increments

from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. WCC is also responsible for repaying any interest that accrues. If the institution has any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and asks to speak to WCC's account representative.

If full payment cannot be made within 45 days of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

---

U.S. Department of Education  
OCFO Financial Management Operations  
Accounts Receivable Group  
550 12th Street, S.W., Room 6111  
Washington, DC 20202-4461  
Attn: Cindy Dixon, Acting Supervisor, Accounts Receivable Group

If within 45 days of the date of this letter, WCC has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due the institution from the Federal Government. **WCC may object to the collection by offset only by challenging the existence or amount of the debt. To challenge the debt, WCC must timely appeal this determination under the procedures described in the "Appeal Procedures" section of the cover letter.** The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

## **PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION**

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

If applicable, hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Wayne Community College

OPE ID: 00298000

PRCN: 201420428555

Page 1

**APPENDIX A**

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**Prepared for-**  
**Wayne Community College**

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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the AMERICAN MIND™

**OPE ID: 00298000**

**PRCN: 201420428555**

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**Prepared by-**  
**U.S. Department of Education**  
**Federal Student Aid**  
**School Participation Division - Atlanta**

**PROGRAM REVIEW REPORT**

**June 18, 2014**

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### D. Appendix

Appendix A: Student Sample

Appendix B: Personally Identifiable Information (PII)



**A. Institutional Information**

Wayne Community College  
3000 Wayne Memorial Drive  
Goldsboro, NC 27533-8002

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges

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Current Student Enrollment: 3,646 (2013-2014)

% of Students Receiving Title IV: 62% (2013-2014)

Title IV Participation (per EDCAPS G5):

<u>Program</u>	<u>2013-2014 (to date)</u>	
Federal Direct Loan (FDL)		\$7,505,000
Federal Pell Grant (Pell)		\$7,477,000
Federal Supplemental Education Grant (FSEOG)		\$ 88,000
Federal Work Study (FWS)		\$ 76,643
Default Rate / FDL:	2011	2.7%
	2010	3.9%
	2009	10.1%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Wayne Community College (WCC) from March 25 - 27, 2014. The review was conducted by Lisa Lancaster and Meg McGinness.

The focus of the review was to examine WCC's compliance with the statutes and Federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of WCC's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 15 files was identified for review from the 2013-2014 award year. The files were selected randomly from a statistical sample of the total population of students receiving Title IV, HEA program funds for the award year. The reviewers examined six (6) additional files of students who were enrolled in specific academic programs. Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning WCC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, the program review does not relieve WCC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

## **C. Findings**

During the review several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations, and specify the actions to be taken by WCC to bring operations of the financial aid programs into compliance with the statutes and regulations.

## **FINDING 1: INCORRECT ACADEMIC YEAR DEFINITION**

### **Citation:**

34 C.F.R. § 668.8 of the Student Assistance General Provisions defines the eligibility requirements of academic programs offered by institutions of higher education.

To be eligible for funding under the Title IV, Federal Student Aid (FSA) programs, an educational program at an institution of higher education must lead to a degree (associate, bachelor's, graduate, or professional) or prepare students for "gainful employment in a recognized occupation."

The following educational programs offered by public and private nonprofit institutions are considered gainful employment (GE) programs:

- Non-degree programs, including all certificate programs (undergraduate, post-baccalaureate, graduate and post-graduate);
- Teacher certification programs that result in a certificate awarded by the institution; or,
- Approved comprehensive transition programs for students with intellectual disabilities.

A school may consider any program to be a clock-hour program. However, a GE program must be considered clock-hour for FSA purposes if:

- Completing clock hours is a requirement for graduates to apply for licensure or the authorization to practice the occupation that the student is intending to pursue;
- The credit hours awarded for the program are not in compliance with the definition of a credit hour; or
- The institution does not provide all the clock hours that are the basis for the credit hours awarded for the program or each course in the program, and, the program requires attendance in the clock hours that are the basis for the credit hours awarded.

Students enrolled in clock-hour programs receive Title IV funds by the payment period. The definition of a school's payment period is integral to requirements for the administration of FSA funds. For example, FSA program disbursements (except Federal Work Study/FWS payments) must be made on a payment period basis. For clock-hour programs, the payment period is defined not only in clock hours but also in weeks of instructional time; a student must successfully complete the clock hours *and* weeks of instructional time in a payment period to progress to the next payment period.

**Noncompliance:**

WCC offers a Certificate of Cosmetology program in which cosmetology classes are taught at the nearby Mitchell's Hairstyling Academy (Mitchell's). The agreement between both schools states that cosmetology courses are clock-hour courses that meet 40 hours per week for approximately 10 months. However, WCC did not properly administer Title IV aid to students enrolled in the Certificate of Cosmetology program for the following reasons:

- Title IV aid was based on semester credits rather than clock hours; and,
- The consortium agreement between WCC and Mitchell's did not contain all requirements (please refer to Finding 4).

---

According to WCC's school catalog, the Certificate of Cosmetology program is 34 semester-credits in length and is taught over three semesters (for students who enroll full-time). WCC calculates, awards and disburses Title IV aid by the term (Fall, Spring and/or Summer semesters). However, the State of North Carolina requires that applicants for the NC cosmetology license provide documentation of 1500 clock hours of training at an approved cosmetology school. (As noted above, a GE program is considered a clock-hour program if completing clock hours is a requirement for graduates to apply for licensure.)

**Students 4, 6, 16 and 17** began enrollment in the Certificate of Cosmetology program in Fall 2013. All four students were awarded Title IV funds by the term, and, academic progress was measured by WCC in credits rather than clock hours.

Although WCC incorrectly administered the Certificate of Cosmetology as a credit-hour program, Title IV funds were not over awarded to the four students. However, other Title IV recipients in this program may have been over *or* underpaid Federal Pell Grants and/or funds from the Federal Direct Loan (FDL) program. Title IV funds may also have been disbursed earlier than students were eligible to receive those funds because both hours and weeks of instruction in the previous payment period must be completed before the student's next disbursement is made (34 C.F.R. § 668.164 and § 690.75).

**Required Action:**

WCC must define its academic year (AY) for clock-hour programs in terms of clock hours and weeks of instructional time. (The minimum number of hours is 900 and the minimum number of week is 26.) WCC's response to this finding must provide a description of the AY definition and how Title IV aid will be administered for Certificate of Cosmetology students.

For example, an institution may define its academic year for clock-hour programs as 900 clock hours and 30 weeks of instruction as follows:

**Sample Program: 1500 clock hours / 50 weeks**

**1<sup>st</sup> academic year (900 clock hours / 30 weeks)—**

- First payment period: 0-450 clock hours /15 weeks
- Second payment period: 451-900 clock hours /15 weeks

**2<sup>nd</sup> academic year (600 clock hours / 20 weeks)—**

*(Program length minus clock hours / weeks in 1<sup>st</sup> AY > 1/2 AY left, so there are 2 equal payment periods.)*

- Third payment period: 901-1200 clock hours /10 weeks
- Fourth payment period: 1201-1500 clock hours /10 weeks

The clock-hour (non-term) formula for Pell Grant recipients enrolled in a clock-hour program is referred to as Formula 4 and is as follows:

**The student's annual Pell Grant award is multiplied by the lesser of:**

$$\frac{\text{Number of clock hours in the payment period}}{\text{Number of clock hours in the program's academic year}}$$

Or

$$\frac{\text{Weeks of instruction in the payment period}}{\text{Weeks of instruction in the program's academic year}}$$

Under FDL program rules, loans must be prorated in certain circumstances<sup>1</sup>. When a student is enrolled in a program that is more than one academic year in length and a remaining period of study needed to complete the program is half of an AY *or less*, the remaining portion is treated as a single payment period. If a student is enrolled in a program that is more than one AY in length and the remaining portion of the program *more than* half of an AY but less than a full year, the remaining portion is divided into two payment periods (and the first payment period is the period in which the student successfully completes half of the clock hours and half of the weeks of instructional time in the remaining portion.) For example:

**For a remaining period of enrollment, the annual loan limit for the student's grade level is multiplied by:**

$$\frac{\text{Remaining number of clock hours in the payment period}}{\text{Number of clock hours in the program's academic year}}$$

*(Unlike Pell, there is no comparison of hours to weeks in the program.)*

<sup>1</sup> Certain proration rules apply for a program that is shorter than a full AY vs. programs longer than an AY.

Using its defined AY and the correct formula to calculate Title IV funds, WCC must next recalculate the amount of Pell Grant and FDL funds for students in the Certificate of Cosmetology program. This recalculation (known as a file review) must include all Title IV recipients from the 2012-2013 and 2013-2014 award years whose aid was awarded and disbursed by semester-credits rather than clock hours.

**Following the recalculation of aid for 2012-2013 and 2013-2014 recipients, please identify any and all Title IV overawards in an Excel spreadsheet (or format similar to the below example), by term, in alphabetical order as follows:**

- Student last, first name and social security number
- ~~Date overaward was disbursed to the student or account~~
- Amount of Federal Pell Grant overaward
- Amount of Subsidized (Sub) FDL overaward
- Amount of Unsubsidized (Unsub) FDL overaward
- Amount of Parent Loan for Undergraduate Students (PLUS) overaward.

<b>Spring 2013 Title IV Overaward</b>						
<u>Name</u>	<u>SSN</u>	<u>Date of Disbursement</u>	<u>Pell</u>	<u>Sub</u>	<u>Unsub</u>	<u>PLUS</u>
1. example		09/15/2012	\$2775	\$2250	\$0	\$0

*Please send the file review summary report (spreadsheets) for this finding to Lisa Lancaster by e-mail at [lisa.lancaster@ed.gov](mailto:lisa.lancaster@ed.gov). See the enclosure Protection of Personally Identifiable Information for instructions regarding electronic submissions to the Department for data containing PII. Separate from the institution's spreadsheet, WCC must email an access password to Ms. Lancaster.*

Effective immediately, WCC must correct its method to calculate and award aid in accordance with rules for clock-hour programs for students who enroll in the Certificate of Cosmetology program.

If necessary, Repayment Instructions will be submitted to the institution following the Department's review of the response to this report.

## **FINDING 2: PROGRAM TYPE AND CLOCK-TO-CREDIT CONVERSION**

### **Citation:**

34 C.F.R. § 668.8 (d) asserts that an eligible program provided by a proprietary institution of higher education or postsecondary vocational institution must require a minimum of 15 weeks of instruction, beginning on the first day of classes and ending on the last day of

classes or examinations; be at least 600 clock hours, 16 semester or trimester hours, or 24 quarter hours; provide undergraduate training that prepares a student for gainful employment in a recognized occupation; and, may admit as regular students persons who have not completed the equivalent of an associate degree. Or, it must require a minimum of 10 weeks of instruction, beginning on the first day of classes and ending on the last day of classes or examinations; be at least 300 clock hours, 8 semester or trimester hours, or 12 quarter hours; provide training that prepares a student for gainful employment in a recognized occupation as provided under §668.6; and be a graduate or professional program; or admit as regular students only persons who have completed the equivalent of an associate degree.

As stated in the previous finding, a program is considered to be a clock-hour program for Title IV purposes if:

- Completing clock hours is a requirement for graduates to apply for licensure or the authorization to practice the occupation that the student is intending to pursue;
- The credit hours awarded for the program are not in compliance with the definition of a credit hour; or
- The institution does not provide all the clock hours that are the basis for the credit hours awarded for the program or each course in the program, and, the program requires attendance in the clock hours that are the basis for the credit hours awarded.

If a school offers an undergraduate educational program in credit hours that is considered a GE program, it must use one of the following conversion formulas unless:

- The program is at least two academic years in length and provides an associate degree, a bachelor's degree, a professional degree, or an equivalent degree as determined by the Department; or,
- Each course within the program is acceptable for full credit toward that institution's associate, bachelor's, professional, or equivalent degree as determined by the Department, provided that:
  1. The school's degree requires at least two academic years of study; and,
  2. The school demonstrates that students enroll in, *and* graduate from the degree program.

**If a GE program does not meet one of these exceptions, a conversion formula must be applied for reasons of determining program eligibility and the number of credit hours in that program for Title IV purposes as follows:**

**For a semester or trimester hour program:**

Number of clock hours in the credit-hour program

37.5

**For a quarter hour program:**

Number of clock hours in the credit-hour program

25

*Note:* When some states and accrediting agencies approve programs, they also approve the number of credits in the programs. The credits approved by states and accrediting agencies are not necessarily the credits for FSA purposes. For FSA purposes, the number of credits in the program will be those determined by the conversion formula (and they cannot be more than those approved by a state or accrediting agency).

**Noncompliance:**

It appeared that WCC offered programs in addition to the Certificate in Cosmetology program that were erroneously administered. The following four programs were listed as clock-hour programs on the Department's Eligibility and Certification Approval Report (ECAR), but WCC awarded and disbursed Title IV aid on a credit-hour (term) basis:

Diploma (Program) Name	Clock Hours per ECAR	Semester Credits per WCC	Courses acceptable toward degree?
Air Conditioning & Refrigeration	976	42	No
Welding Technology	1136	37	No
Dental Assisting	1136	46	No
Practical Nursing	1184	47	No

**Examples are as follow:**

**Student 14** was enrolled in the Welding Technology Diploma program. The school catalog lists this program as 37 credits. However, the ECAR reported the program as 1136 clock hours which converts to 30 credits for Title IV purposes. WCC officials stated that they did not perform clock-to-credit hour conversions for Title IV purposes for Welding Diploma students. If this program is subject to clock-to-credit conversion, Title IV aid would be subject to proration for the students' second year, or, remaining 6 credits (30-24 credits for 1<sup>st</sup> year=6 remaining credits for 2<sup>nd</sup> year). The student has not reached his second year yet.

**Student 18** was enrolled in the Air Conditioning & Refrigeration Diploma program. The school catalog lists this program as 42 credits. However, the ECAR reported the program as 976 clock hours which converts to 26 credits for Title IV purposes. Yet, WCC officials stated that they did not perform clock-to-credit hour conversions for Title IV purposes for Air Conditioning & Refrigeration Diploma students. If this program is subject to clock-to-credit conversion, Title IV aid for the second AY should be based on 2 remaining credits (after the first 24 credits in the first year), which is less than ½-time for enrollment purposes. In this case the student's Pell Grant award amount would



be \$674. However, WCC disbursed \$2,023 as  $\frac{3}{4}$ -time enrollment. (The student was not awarded FDL funds.)

**Student 20** was enrolled in the Dental Assisting Diploma program. The school catalog lists this program as 46 credits. However, the ECAR reported the program as 1136 clock hours which converts to 30 credits for Title IV purposes. Yet, WCC officials stated that they did not perform clock-to-credit hour conversions for Title IV purposes for Dental Assisting Diploma students. If this program is subject to clock-to-credit conversion, Title IV aid would be subject to proration for the students' second year; or remaining 6 credits. (The student has not reached her second year yet.)

### **Required Action:**

The institution is required to determine whether or not the above four programs, as well as other non-degree programs not listed on the ECAR, should be treated either as clock-hour or credit hour programs for Title IV purposes.

For *non-clock-hour* programs in which each course within a program is acceptable for full credit toward an associate degree, WCC must indicate this by answering 'Yes' to the question of whether or not the courses are accepted in Section F of the Educational Programs Section of the ECAR.

If a program does not meet one of the exceptions noted above, WCC must also report the correct amount of credit hours after the conversion is applied. For example:

### **Before conversion:**

Program Name	Clock Hours per ECAR	Semester Credits per WCC
Welding Technology	1136	37
Dental Assisting	1136	46

### **After conversion:**

Program Name	Clock Hour Conversion	Title IV Credits	Clock Hours
Welding Technology	1136 / 37.5 =	30	--
Dental Assisting	1136 / 37.5 =	30	--

To ensure that all programs are adequately reported, the ECAR must also be updated to include all eligible non-degree programs (by name and length) that have been approved by the NC Community College System; Southern Association of Colleges and Schools (SACS) and the Department. If a program is not currently approved as a Title

**IV eligible program, or does not meet the minimum length, please indicate so accordingly.**

Once all programs have been correctly classified as clock-hour or credit-hour, and the number of hours for Title IV purposes has been determined, WCC must provide a spreadsheet with its response to this report. For each *non-degree* program offered by WCC since July 1, 2012 through today, the spreadsheet must report:

- The official name of the program;
- Indicate if the program is accredited and licensed ('Yes' or 'No');
- Indicate if the program is approved by the Department ('Yes' or 'No');
- Report whether or not each program's courses are acceptable toward a degree ('Yes' or 'No'), including which degree; how many students are currently enrolled in that degree; and, how many students have graduated from that degree program;
- Correct number of credit hours (if applicable); and,
- Correct number of clock hours (if applicable).

Subsequent to our review of WCC's listing of programs (program eligibility and length), the institution may be required to submit additional information in response to this finding as well as a determination of whether or not Title IV recipients were properly awarded aid.

WCC must also update its ECAR to include all academic programs that it ceased offering, including the effective date. Further instructions, if any, will be provided in the Final Program Review Determination letter.

**FINDING 3: PRORATION REQUIREMENTS NOT MET**

**Citation:**

Per 34 C.F.R. § 690.63 of Federal Pell Grant (calculation) regulations states the following: In a term-based program, a student's annual Pell Grant award depends on his or her enrollment status. Academic progress is measured in credits. If a student is enrolled full-time, then the annual Pell Grant award is the Scheduled Award, which is based on the full-time payment schedule. If a student is attending part-time, a school must use the 3/4-time, 1/2-time, or less than 1/2-time disbursement schedules, depending on the number of credit hours in which the student enrolls.

Pell Grants must be paid in installments over the course of a program of study to help meet the student's cost in each payment period. For credit-hour term programs, the payment period is the term. (The annual award is divided by the number of terms.) If the student doesn't enroll in one of the terms, he or she won't receive a portion of the award for that payment period. If the student's enrollment status changes in the next term, his or her annual award will be different for that term.

With respect to the FDL program, Sub and Unsub loan amounts for undergraduate students must be prorated when a borrower is either enrolled in:

- A program that is shorter than a full academic year; or,
- A program that is one academic year or more in length, but is in a remaining period of study that is shorter than a full academic year.

If a program is one AY or less, the program is divided into two payment periods. (The first payment period is the period in which the student successfully completes half of the credits and half of the weeks of instructional time in the program. The second payment period is the period in which the student completes the remainder of the program.)

If a program is more than one AY in length, the first AY is divided into two payment periods, and, for any remaining portion of a program that is half of an AY or less, the remaining portion is treated as a single payment period. For any remaining portion of a program that is more than half of an AY, but less than a full year, the remaining portion is divided into two payment periods as shown below (34 C.F.R. § 685.203).

**If an academic program is shorter than a full AY in length, the annual loan limit must be multiplied by the lesser of:**

Semester, trimester, quarter, or clock-hours enrolled in the program  
Semester, trimester, quarter, clock-hours in academic year

Or

Weeks enrolled in program  
Weeks in the academic year

**Where there is a remaining portion less than an AY, the annual loan limit for the student's grade level is multiplied by:**

Remaining semester, trimester, quarter, or clock-hours in the program  
Semester, trimester, quarter, clock-hours in academic year

*(Unlike proration for programs that are shorter than an academic year, there is no comparison of weeks and hours.)*

#### **Noncompliance:**

It did not appear that WCC calculated and disbursed Title IV funds to students who were enrolled in programs that were either shorter than a full AY or that were one AY or more in length, but with a remaining period of study that's shorter than a full AY.

**Student 21** was enrolled in the Medical Office Administration/Medical Insurance Certificate Diploma program. Both the ECAR and the school catalog reported the program as 18 semester-credits. Therefore, the student's Pell Grant should have been calculated and awarded based on the student's enrollment status for each term she was in attendance. The student's Sub and Unsub loan amounts should have been prorated because the program is less than an AY. However, the August 7, 2013 award notification showed that the student was awarded Pell as a full-time student for both terms; and, her FDLs were not prorated. (The student changed her major to Cosmetology in the Spring 2014 term, therefore her aid must be recalculated under Finding 1 of this report.)

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**Required Action:**

In response to this finding, WCC must provide revised policies and procedures that describe how Title IV aid will be administered, calculated, awarded and disbursed to students enrolled in programs that are shorter than a full AY or that are one AY or more in length, but with a remaining period of study that's shorter than a full AY.

Additional information may be requested upon the Department's receipt of WCC's responses to Finding 1, 2 and this finding.

**FINDING 4: INCOMPLETE CONSORTIUM AGREEMENT**

**Citation:**

34 C.F.R. § 668.5 of the General Provisions explains the requirements for two or more schools that have written arrangements to provide educational programs. A contractual agreement is a written agreement between a Title IV eligible school and an ineligible school. A consortium agreement is a written agreement between two or more eligible schools.

Under a consortium agreement, students may take courses at a school other than the home school and have those courses count toward the degree or certificate at the home school. A student can only receive FSA assistance for courses that are applicable to the student's certificate or degree program. A consortium agreement can be a blanket agreement between two or more eligible schools, or it can be written for a specific student.

The school that disburses Title IV is responsible for maintaining information on the student's eligibility; how the award is calculated; what money is to be disbursed; and, any other documentation associated with the award, even if some of that documentation comes from other schools. Moreover, the school paying the student must return FSA funds if required, for example, in refund/return or overpayment situations.

The Department does not dictate the format of a consortium agreement or where the agreement is kept. However, the following information should be included in all agreements:

- The school that will grant the degree or certificate;
- The student's tuition, fees, room and board costs at each school;
- The student's enrollment status at each school;
- The procedures for monitoring student eligibility, calculating awards, disbursing aid, monitoring satisfactory progress and other student eligibility requirements, keeping records, and, returning funds if applicable.

A student receiving a Pell Grant for attendance at two schools through a consortium agreement may have costs from both schools at the same time. The student's cost of attendance is calculated in the same way as for a student taking classes at only one school.

The student's charges for tuition, fees, books and supplies at the consortium school has to be combined into a single charge for a full academic year for purposes of the Pell calculation.

#### **Noncompliance:**

As noted, WCC offers a Certificate of Cosmetology program in which cosmetology classes are taught at the nearby Mitchell's (Hairstyling Academy) located at 1021 Spence Avenue, Goldsboro, NC. However, the written agreement between WCC and Mitchell's does not address how the following required elements will be administered:

- Student's enrollment status at each school;
- The procedures for monitoring student eligibility, calculating awards, disbursing aid, monitoring satisfactory progress and other student eligibility requirements; and
- Returning funds in the event the student withdraws.

The contract also contains an amendment which adds an additional site of Mitchell's located at 2616 Forest Hills Road, Wilson, NC to the existing contract. The effective dates (on the contract) of March 26, 2013 through May 11, 2013 precede the date it was signed (June 10, 2013). This amendment appears to be confusing and out of date. It also does not meet the requirements of 34 C.F.R. § 668.43 (a)(12) in which institutions must provide a description of written arrangements it has entered into, including, but not limited to, information on the name and location of the other institutions that are providing the portion of the educational program that the institution that grants the degree or certificate is not providing; and, estimated additional costs students may incur as the result of enrolling in an educational program that is provided, in part, under the written arrangement.

WCC has contracts with these other institutions that appear to be incomplete for Title IV purposes:

**WCC has an agreement with Pitt Community College for the Biotechnology program. The contract does not address:**

- The student's tuition and fees;

- The student's enrollment status at each school;
- The procedures for monitoring student eligibility, calculating awards, disbursing aid, and, returning funds in the event the student withdraws.

**WCC has an agreement with Pitt Community College for the Healthcare Management Technology program. The contract does not address:**

- The student's tuition and fees;
- The student's enrollment status at each school;
- The procedures for monitoring student eligibility, calculating awards, disbursing aid, monitoring satisfactory progress and other student eligibility requirements, keeping records, and, returning funds in the event the student withdraws.

**WCC has an agreement with Lenoir Community College for the Dental Hygiene program. The contract does not address:**

- The student's tuition and fees;
- The student's enrollment status at each school;
- The procedures for monitoring student eligibility, calculating awards, disbursing aid, and, returning funds in the event the student withdraws.

**WCC has an agreement with Lenoir Community College for the Dental Assisting Diploma program. The contract does not address:**

- The student's tuition and fees;
- The student's enrollment status at each school;
- The procedures for monitoring student eligibility, calculating awards, disbursing aid, and, returning funds in the event the student withdraws.

**Required Action:**

WCC must identify all contracts, or consortium agreements it has with other institutions. As a reminder, a contractual agreement is a written agreement between a Title IV eligible school and an ineligible school. A consortium agreement is a written agreement between two or more eligible schools.

Once identified, you must consult with each institution and update each agreement to account for and address the items required by § 668.5. In addition to providing our office with copies of corrected agreements, WCC must notify applicable students of pertinent changes/updates.

In response to this finding, WCC must provide copies of corrected consortium agreements where applicable.

## **FINDING 5: OUTDATED ELIGIBILITY CERTIFICATION APPROVAL REPORT**

### **Citation:**

34 C.F.R. § 600.21 indicates that an eligible institution must report specified changes to the Secretary in a prescribed manner no later than 10 days after a change occurs.

*Volume 2, Chapter 5 of The 2013-2014 FSA Handbook* also indicates that a school is required to report substantive changes to certain information on its approved application (for Title IV aid) within 10 days after a change occurs.

### **Noncompliance:**

WCC did not update its ECAR to report that Mitchell's was no longer considered as an additional location.

### **Required Action:**

WCC must immediately report this change in Section E of the ECAR by reporting an 'end date' and comments to explain that Mitchell's is no longer an additional location of WCC.

In response to this finding, please submit the status of this update.

## **FINDING 6: SATISFACTORY ACADEMIC PROGRESS-INELIGIBLE PAYMENT**

### **Citation:**

34 C.F.R. §§ 668.16 (e), 668.32, and 668.34 require institutions to establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress (SAP) in his or her educational program. The Secretary considers an institution's standards to be reasonable if the standards—

- Are the same as or stricter than the institution's standards for a student enrolled in the same educational program who is not receiving Title IV assistance.
- The policy provides for consistent application of standards to all students within categories of students, e.g., full-time, part-time, undergraduate, and graduate students, and educational programs established by the institution.
- The policy provides that a student's academic progress is evaluated—
  - At the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or
  - For all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period.

- The policy specifies a qualitative standard, or grade point average (GPA) that a student must achieve at each evaluation (if a GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm).
- If a student is enrolled in an educational program of more than two academic years, the policy specifies that at the end of the second academic year, the student must have a GPA of at least a "C" or its equivalent.
- The policy specifies a quantitative standard; or the pace at which a student must progress through his or her educational program to ensure that he will complete the program within the maximum timeframe, and provides for measurement of the student's progress at each evaluation. For an undergraduate program, maximum timeframe means a period that is no longer than 150% of the published length of the educational program. For a graduate program, it means a period defined by the institution that is based on the length of the program.
- An institution calculates the pace at which the student is progressing by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted.
- An institution is not required to include remedial courses in its quantitative assessment of SAP, but it is required to include remedial coursework in its qualitative assessment. (The courses need not be included in the student's GPA; however, a school must have some means of assessing a student's academic progress in remedial coursework.)
- The policy also must describe how a student's GPA and pace of completion are affected by course incompletes, withdrawals, repetitions, or transfer of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours. An SAP policy cannot exclude courses in which a student remained past the add/drop period and earned a grade of 'W', nor can it routinely exclude certain hours attempted, such as those taken during a summer term. All periods of the student's enrollment count when assessing progress, even periods in which the student did not receive Title IV funds.
- The policy provides that, at the time of each evaluation, a student who has not achieved the required GPA, or who is not successfully completing his or her educational program at the required pace, is no longer eligible to receive assistance.
- If the institution places students on financial aid warning, or on financial aid probation, the policy describes these statuses as—
  - Financial aid warning is a status assigned to a student who fails to make SAP only at an institution that evaluates academic progress at the end of each payment period. Financial aid warning may be assigned without an appeal or other action. It is good for one payment period.
  - Financial aid probation is a status assigned by an institution to a student who fails to make SAP but who has appealed, and has had eligibility for aid reinstated. A student on financial aid probation may receive Title IV funds for one payment period. However, a student on financial aid probation may not



receive Title IV funds for the subsequent payment period unless the student makes satisfactory academic progress or the institution places him on probation and develops an academic plan.

- If the school permits appeals, the policy must explain that the student may appeal on the basis of: his injury or illness, the death of a relative, or other mitigating circumstances. The appeal must also explain why the student failed to make SAP, and what has changed to allow him or her to make satisfactory progress at the next evaluation.
- If the institution does not permit a student to appeal a determination that he or she is not making SAP, the policy must describe how the student may reestablish his or her eligibility to receive assistance under the Title IV programs.
- The institution must have a policy to notify students of the results of an SAP evaluation that impacts eligibility for funds.

#### **Noncompliance:**

One of the standards of making SAP according to WCC's policy is that a student who has earned an associate's degree is not eligible to receive financial aid for a certificate or diploma program. However, **student 14** graduated from the Associate in Applied Science program before enrolling in the Welding Technology Diploma program in Fall 2013. Despite its SAP policy, the institution disbursed a \$348 Pell Grant and a \$1,250 Sub loan to the student for the Fall 2013 term.

In addition, the institution's published SAP policy did not clearly explain that a student who appeals a determination of SAP must explain what has changed with respect to his or her circumstances to allow him or her to make satisfactory progress at the next evaluation.

#### **Required Action:**

The institution must respond to this finding with an explanation of why Title IV aid was disbursed to a student who was not considered to be eligible according to its SAP policies. In addition, WCC must return \$348 in Pell Grant and \$1,250 in Sub FDL funds to the Department, including documentation of these adjustments in the Department's Common Origination and Disbursement (COD) system.

WCC must provide an assurance that its SAP standards will be updated to include what has changed in a student's situation if he or she chooses to appeal the school's determination of eligibility for continued Title IV aid in the future.

## **FINDING 7: ATTENDANCE NOT CONFIRMED-INELIGIBLE PAYMENT**

### **Citation:**

34 C.F.R. § 668.22 states that when a Title IV recipient withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date.

If no record of a student's academic attendance exists in any class during a payment period, the student is considered not to have begun attendance and therefore never established eligibility for the funds.

If a student does not begin attendance, the institution must return all Title IV funds that were credited to the student's account at the institution or disbursed directly to the student for that payment period. The institution must return those funds for which it is responsible to the respective program as soon as possible, but no later than 30 days after the date it becomes aware that the student will not or has not begun attendance (34 C.F.R. § 668.21).

### **Noncompliance:**

Attendance could not be confirmed for a 2013-2014 award recipient. In Fall 2013, **student 12** registered for one course but never attended. However, a \$706 Pell Grant disbursement was made to the student's account on November 15, 2013.

Although Title IV funds were not disbursed for the Spring 2014 term, the same student was not given a grade for one course (Introduction to Computers).

Institutional officials reported the cause of the error to be conflicting records between the registrar and business offices.

Conflicting attendance or enrollment status could lead to an institution improperly retaining Federal funds; disbursing funds to students who did not begin attendance; or under-awarding a student. Incorrectly reporting the number of course attempts may also lead to the incorrect calculation of a student's academic progress.

### **Required Action:**

WCC officials must confirm whether not **student 12** was in attendance for the Fall 2013 and/or Spring 2014 terms. Please provide applicable documentation (attendance record, exam, assignment or other documentation from the course instructor) to support the student's attendance. If the student was not in attendance, WCC must return \$706 in Pell Grant funds to the Department and provide documentation of this adjustment in COD.

**Please provide a description of how WCC will prevent a repeat of this finding in the future.** As a reminded, if a student does not begin attendance in a payment period or period of enrollment, the institution must return all Title IV program funds for which it is responsible as soon as possible, but no later than 30 days after the date it becomes aware that the student has not begun attendance.

**FINDING 8: FDL OVERAWARD BASED ON INCORRECT GRADE LEVEL**

**Citation:**

34 C.F.R. § 685.203 explains that Sub and Unsub FDLs have annual loan limits based on a student's dependency status and grade level. (There are higher annual loan limits for some health professions students, and special loan limits for certain students who are not enrolled in a degree or certificate program). In some cases, the annual loan limits must be prorated. The annual loan limits are the maximum amounts that a student may receive for an academic year as follows:

	Sub	Unsub	Total
<b>Dependent Undergraduates (excluding dependent students whose parents can't get PLUS)</b>			
1 <sup>st</sup> Year	\$3,500	\$2,000	\$ 5,500
2 <sup>nd</sup> year	\$4,500	\$2,000	\$ 6,500
3 <sup>rd</sup> Year & Beyond	\$5,500	\$2,000	\$ 7,500
<b>Independent Undergraduates &amp; Dependent Students whose parents can't get PLUS</b>			
1 <sup>st</sup> Year	\$3,500	\$6,000	\$ 9,500
2 <sup>nd</sup> year	\$4,500	\$6,000	\$10,500
3 <sup>rd</sup> Year & Beyond	\$5,500	\$7,000	\$12,500
<i>Note: All undergraduate annual loan amounts are subject to proration.</i>			

**Noncompliance:**

WCC's grade-level, or classification of first and second-year students years states that "A student is classified as a freshman from initial enrollment until 32 semester hours have been earned. Students who have earned 32 semester hours or more are classified as sophomores."

One student in the sample was incorrectly awarded a Sub FDL as follows:

**Student 2:** As of Fall 2013, the student earned only 11 credits toward her program of study (Human Services Technology). However, she was awarded a \$4,500 Sub loan for the Fall 2013 through Spring 2014 semesters. Because she was still a first-year student, she was eligible to receive a \$3,500 Sub loan, not \$4,500. School officials explained that WCC took 24 credits in developmental courses into account

(for a total of 35 credits) when certifying the loan at the second-year level. This is incorrect for several reasons:

1. Developmental courses are not part of the student's 65 credit-hour program; and,
2. The student's academic transcript does not report 24 credits in developmental courses. (This could also lead to an erroneous calculation of a student's academic progress.)

**Required Action:**

There is no monetary liability associated with this finding because WCC returned funds to the Department for this student subsequent to her withdrawal.

The institution is required to revise its policies and procedures for awarding FDL borrowers by grade level based on credits in a student's program of study. Further, WCC must affirm its understanding and responsibility to account for all attempted credits – including transfer credits – when monitoring SAP for Title IV recipients.

Please provide a copy of the policy to correct these procedures.

**FINDING 9: INCORRECT ENROLLMENT STATUS-PELL GRANT ERRORS**

**Citation:**

34 C.F.R § 690.63 (c) of the Federal Pell Grant regulations states that a student's Pell award for a payment period in a program using standard terms with at least 30 weeks of instructional time in two semesters is calculated by—

- 1) Determining the student's enrollment status for the term;
- 2) Based upon that enrollment status, determining his or her annual award from the Pell Payment Schedule for full-time,  $\frac{3}{4}$ -time,  $\frac{1}{2}$ -time, or less than  $\frac{1}{2}$ -time students; and,
- 3) Dividing this amount by two.

**Noncompliance:**

The Pell Grant award amounts for two students indicate that WCC did not always accurately calculate enrollment status. As a result, the students were underpaid Pell amounts as follows:

**Student 9** was enrolled  $\frac{3}{4}$ -time for the Fall 2013 semester; she was eligible for a \$2116 Pell Grant. However, the school paid her a  $\frac{1}{2}$ -time Pell amount of \$1411. (The student was underpaid, but later withdrew from WCC.) (Note: This student was noted in Findings 10, 11 and 12.)

**Student 11** was enrolled  $\frac{3}{4}$ -time for the Spring 2014 semester; she was eligible for a \$2117 Pell Grant. However, the school paid him a  $\frac{1}{2}$ -time Pell amount of \$1411. (The student was underpaid by \$706.)

**Required Action:**

No further action is required for **student 9** but the institution must review the academic record of **student 11**. If applicable, please correct the student's 2013-2014 Pell Grant and disburse the proper amount.

WCC's response must describe the institution's resolution to this finding, including any corrections to the Pell award for **student 11** as well as the school's corrective action plan to prevent a repeat of this finding in the future.

**FINDING 10: INCOMPLETE VERIFICATION-CONFLICTING DATA**

**Citation:**

In accordance with 34 C.F.R. §§ 668.51 – 61, if the Secretary or an institution requests documents or information from an applicant who is selected for verification, the applicant must provide the specified documents. An institution must establish and use written policies and procedures for verifying an applicant's information. These policies and procedures must include the—

- Time period an applicant must provide any documentation requested by the institution in accordance with § 668.57;
- Consequences of an applicant's failure to provide the requested documentation within the specified time period;
- Method by which the institution notifies an applicant of the results of verification, if the applicant's Expected Family Contribution (EFC) and award amount changes; and,
- Procedures the institution will follow or will require an applicant to follow in order to correct applicant information determined to be in error.

The Secretary publishes in the FEDERAL REGISTER, notice of the information that an institution and an applicant may be required to verify for each award year. Students who are selected for verification are placed in one of the five following groups. The group determines what applicant data must be verified for the student. Please refer to the Department's *2013–2014 Application and Verification Guide*, for additional information on verification.

**Verification Groups:**

***Standard Verification Group/tracking flag VI:*** Students in this group must verify the following if they are tax filers:

- adjusted gross income (AGI)
- U.S. income tax paid
- untaxed portions of IRA distributions
- untaxed portions of pensions
- IRA deductions and payments
- tax-exempt interest income
- education credits
- household size
- number in college
- Supplemental Nutrition Assistance Program (SNAP) benefits
- child support paid

Students who are not tax filers must verify the following:

- income earned from work
- household size
- number in college
- SNAP benefits
- child support paid

***SNAP Verification Group/tracking flag V2:*** Students in this group must verify the receipt of SNAP benefits.

***Child Support Paid Verification Group/tracking flag V3:*** Students must verify child support paid by them or their spouse, their parents, or both.

***Custom Verification Group/tracking V4:*** Students must verify high school completion status and identity/statement of educational purpose in addition to receipt of SNAP benefits and payment of child support.

***Aggregate Verification Group/tracking flag V5:*** Students must verify high school completion status and identity/statement of educational purpose in addition to the items in the Standard Verification Group.

Per 34 C.F.R. § 668.54 (a)(2), if an institution has reason to believe that an applicant's income, household size or the number of household members enrolled in a postsecondary institution is inaccurate, it is the institution's responsibility to obtain further documentation to resolve the conflict.

Verification documentation obtained from the student (and parents or spouse) is compared to the information reported on the student's Institutional Student Information Record (ISIR). This documentation must be retained in the student's file as evidence that the verification process was completed.

### **Noncompliance:**

Questionable applicant data was not resolved for two students selected for verification as follows:

**Student 1** was selected for verification in the 2013-2014 award year. Her ISIR reported that she had no income during 2012 (and was not going to file taxes), but that she supported a dependent child. The Verification Worksheet also reported no income for 2012. This is conflicting information because there is no documentation to explain the student's source of income or means by which she supported a child. This discrepancy was not resolved.

**Student 9** was also selected for verification in 2013-2014. Her ISIR reported that she was single, and supported a child. However, the Verification Worksheet did not include a child as part of the household; it did report a 34-year old boyfriend (as part of the household). In addition to conflicting household information, the student did not report her source of income or means by which she supported a child. This discrepancy was not resolved. (Note: this student was noted in Findings 9, 11 and 12.)

### **Required Action:**

The purpose of verification is to ensure that Title IV funds are awarded to student applicants in the correct amount. WCC must improve its procedures to request, receive and verify applicant data for students selected by the Central Processing System (CPS) each award year.

The discrepancy in household size and income for **students 1 and 9** must be resolved. WCC is required to obtain documentation that resolves the conflicting applicant information. Please submit the corrected need analysis and supporting documentation along with each student's revised EFC.

If necessary, Repayment Instructions will be submitted to the institution following the Department's review of this finding.

WCC must also submit an outline of the corrective actions it will take to correct this finding.

### **FINDING 11: RETURN CALCULATION ERRORS**

#### **Citation:**

34 C.F.R. § 668.22 states that when a Title IV recipient withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance earned as of the student's withdrawal date.

34 C.F.R. § 668.22 (f)(2)(i) states that the total number of calendar days in a payment period or period of enrollment includes all days within the period. However, scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in that period.

**Noncompliance:**

The number of days used in Return of Funds (R2T4) calculations for the Fall 2013 term was incorrect because WCC did not exclude a scheduled break of five days in the calculations. This resulted in incorrect calculations for the percentage of Title IV aid earned. In each case, the institution returned slightly more funds to Title IV programs than required. The following table demonstrates the errors and the resulting over-return of Title IV funds.

Student	# of Days Used in Original R2T4 Calculation	Correct # of Days (Excluding Scheduled Break)	WCC's R2T4 Amount	Correct R2T4 Amount	Overage Paid to Department
2	125 days (Fall 2013)	120 days (Fall 2013)	Unsub \$969	Unsub \$947	Unsub \$22
8	125 days (Fall 2013)	120 days (Fall 2013)	Unsub \$999	Unsub \$947	Unsub \$52
9	125 days (Fall 2013)	120 days (Fall 2013)	Pell \$474	Pell \$455	Pell \$19

Note: Student 2 was noted in Finding 8 and student 9 was noted in Findings 9, 10 and 12.

**Student 4** also withdrew from WCC November 7, 2013. An R2T4 calculation was performed, showing that the student attended more than 60% of the payment period (and that Title IV funds were not required to be returned.) The student was enrolled in a clock-hour program (Cosmetology) but the R2T4 calculation was performed as though the student was enrolled in a semester credit-hour program.

**Student 10** withdrew from WCC after he attended more than 60% of the payment period. Although no funds were required to be returned, the incorrect number of days was used in the R2T4 calculation.

**Required Action:**

WCC officials must correct the R2T4 calculations of applicable Title IV recipients for the Fall 2013. All overpayments to applicable programs must be reversed and credited to the students' accounts.

Next, the institution must submit an assurance that R2T4 calculations were corrected, and that the amount in error was credited back to each students' account.



Additionally, the institution must revise its R2T4 policy and procedures to reflect the inclusion of scheduled breaks of five days or more. A copy of the updated policy must be submitted to this office.

## **FINDING 12: LATE RETURN CALCULATIONS FOR WITHDRAWN STUDENTS**

### **Citation:**

34 C.F.R. § 668.22 specifies the treatment of Title IV funds when a recipient withdraws from an institution. The institution must have an accurate system to determine a student's withdrawal date because that date is used to determine the percentage of time completed, therefore, the amount of aid a student earned.

The Department considers that a school is required to take attendance not only when it is required to take attendance by an outside entity, but also when the school itself has a requirement that its instructors take attendance.

The withdrawal date for a student who officially withdraws is the date, as determined by the institution, that the student began the withdrawal process or provided official notification to the institution, in writing or orally, of his or her intent to withdraw.

The withdrawal date for a student who does not officially withdraw (from a school that is required to take attendance) is the last date of academic attendance as determined by the school from its attendance records. The date of the institution's determination that a student withdrew should be no later than 14 days after the student's last day of attendance.

Even if some faculty members do not comply with the attendance-taking policy, a school is responsible for ensuring that it is in compliance with the requirements for schools that are required to take attendance. For students enrolled in classes taught by faculty who fail to take attendance, a student's withdrawal date will be the last date of academic attendance from the attendance records taken by the faculty who did take attendance.

If no records of a student's academic attendance exist, the student is considered *not* to have begun attendance, and therefore never established eligibility for the funds.

### **Noncompliance:**

WCC's policy is to track student attendance. However, the program review revealed that the institution was late in identifying the withdrawal of one student as follows:

- **Student 9:** The student's withdrawal date was October 15, 2013 but the school did not determine the student's withdrawal until January 14, 2014. Pell Grant funds (\$474) were not returned to the Department until February 18, 2014 (81 days late).

**Required Action:**

This appears to be an isolated incident. However, WCC's response to this finding must explain the corrective actions it will take to timely identify withdrawn students (no-shows, official and unofficial), and, return applicable funds within 45 days of a student's withdrawal date.

Please provide a copy of the revised policy with respect to identifying withdrawals and timely returning funds to the Department.

**FINDING 13: LOAN COUNSELING DOCUMENTATION NOT AVAILABLE**

**Citation:**

Before a first-time FDL borrower takes out a loan, an institution must ensure that entrance loan counseling is conducted. In accordance with 34 C.F.R. §685.304, entrance counseling must provide the borrower with comprehensive information on the terms and conditions of the loan and on the responsibilities of the borrower with respect to the loan.

This information may be provided to the borrower—

- During an entrance counseling session conducted in person;
- On a separate written form that the borrower signs and returns to the school; or
- Online or by interactive electronic means, with the borrower acknowledging receipt of the information.

A school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. The school must maintain documentation substantiating the school's compliance with this section for each student borrower.

A school must ensure that exit counseling is also conducted with each FDL borrower shortly before the he or she ceases at least half-time study at the school.

**Noncompliance:**

The institution could not demonstrate that entrance loan counseling was completed for **student 14**. This appeared to be an isolated incident.

**Required Action:**

A school must be able to document that it has attempted to counsel borrowers and inform them of their loan responsibilities.

WCC's response to this finding must provide an assurance that loan counseling is conducted for all borrowers under the Title IV programs.

#### **FINDING 14: INCORRECT TITLE IV LOAN PERIOD**

##### **Citation:**

Per 34 C.F.R. § 685.301 (a)(10), a school participating in the FDI program shall ensure that the information it provides to the Secretary in connection with loan origination is complete and accurate. Borrower information to be reported includes, but is not limited to a student's period of enrollment.

Per 34 C.F.R. § 685.3102 (b), the period of enrollment for which a FDL is intended must coincide with academic terms established by the school for which institutional charges are assessed (e.g., semester, quarter, length of the student's program, or academic year). The period of enrollment is also referred to as the loan period.

The maximum loan period for annual loan limits is the school's academic year. For example, at a school that measures academic progress in credit hours and uses semesters, the maximum loan period for the year would be two semesters.

##### **Noncompliance:**

The school's academic year was defined as Fall through Spring, with May 7, 2014 as the last day of the year. However, WCC certified Sub and Unsub loans using an incorrect loan period end date of June 30, 2014 for 2013-2014 borrowers as follows:

- **Student 1:** August 15, 2013 – June 30, 2014
- **Student 2:** August 15, 2013 – June 30, 2014
- **Student 5:** August 15, 2013 – June 30, 2014
- **Student 8:** August 15, 2013 – June 30, 2014
- **Student 10:** August 15, 2013 – June 30, 2014
- **Student 14:** August 15, 2013 – June 30, 2014
- **Student 16:** August 15, 2013 – June 30, 2014

##### **Required Action:**

The institution must certify loans with beginning and ending that coincide with academic terms that have been established, and for which institutional charges are assessed. Please refer to *Volume 3, Chapter 5 of The 2013-2014 FSA Handbook* for additional rules for summer mini-sessions.

WCC's response must provide an explanation of how the dates of loan periods will be established for awarding loans in the future.

## **D. Appendices**

**Appendix A** (Student Sample) is attached to this report. This appendix contains personally identifiable information (PII). Also attached, **Appendix B** contains instructions for the submission of PII to the Department.

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FILE COPY

March 20, 2015

Kay Albertson, Ed.D  
President  
Wayne Community College  
3000 Wayne Memorial Drive  
Goldsboro, NC 27533-8002

**RE: Final Program Review Determination Closeout Letter**  
**OPE ID: 00298000**  
**PRCN: 201420428555**

Dear Dr. Albertson:

This letter is in reference to the documentation received in response to the instructions provided to Wayne Community College in the Final Program Review Determination. All requirements have been addressed. The institution may now consider the program review closed, with no further action required.

Program records relating to the period covered by this program review are now subject to the record retention requirements in 34 C.F.R. § 668.24 (e)(1), (2), which generally require that records be retained until the close of the third award year following the award year in which a student last attended the institution or the aid was awarded.

The courtesy and cooperation extended during the program review process is appreciated. If you have any questions, please do not hesitate to contact Lisa Lancaster at (404) 974-9296.

Sincerely,

(b)(6)

Chris Miller  
Division Director  
School Participation Division - Atlanta

cc: Brenda Mercer, Director of Financial Aid

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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